

Message Text

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ACTION ARA-10

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R 171258Z DEC 75

FM AMEMBASSY QUITO

TO SECSTATE WASHDC 0000

INFO AMEMBASSY BOGOTA

AMEMBASSY LIMA

AMCONSUL GUAYAQUIL

C O N F I D E N T I A L QUITO 9191

E.O. 11652: GDS

TAGS: EAGR, ELAB, PINT, EC

SUBJECT: AGRARIAN REFORM

REF: A) QUITO A-149, DEC. 11, 1973

1. SUMMARY: AN AGRARIAN REFORM LAW ENACTED IN 1973 ESTABLISHED CERTAIN STANDARDS FOR PRODUCTIVITY FOR PRIVATE LANDS AND DECLARED THAT LANDS NOT MEETING THOSE STANDARDS BY JANUARY 1, 1976 WOULD BE REDISTRIBUTED UNDER THE LAW AND THAT OWNERS WOULD BE COMPENSATED BY LONG-TERM BONDS. AS THE DEADLINE DRAWS NEAR BOTH LANDOWNERS AND CAMPESINO ORGANIZATIONS HAVE STEPPED UP THEIR ACTIVITIES, WITH THE FORMER ASKING FOR AN EXTENSION OF THE DEADLINE AND THE LATTER DEMANDING THAT THE TERMS OF THE LAW BE ENFORCED. THE GOE, THROUGH VARIOUS SPOKESMEN, HAS INDICATED ITS INTENTIONS TO ENFORCE THE LAW STRICTLY BUT GRADUALLY IN ORDER TO MINIMIZE SOCIAL, POLITICAL AND ECONOMIC REPURCUSSIONS. THE LEVEL OF CURRENT POLITICAL URGENCY FROM THE RURAL SECTOR IS PROBABLY MANAGEABLE FOR THE TIME BEING AND IF THE GOVERNMENT MOVES SYSTEMATICALLY AND FAIRLY IN ENFORC-
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ING ITS LAWS, ECUADOR MIGHT BE ABLE TO AVOID THE SERIOUS

RURAL POLITICAL PROBLEMS THAT HAVE AFFLICTED SOME OF HER LATIN NEIGHBORS. LAND HOLDERS ARE NEVERTHELESS TRYING TO STOP OR POSTPONE IMPLEMENTATION OF THE AGRARIAN REFORM LAW. OPPONENTS OF THE GOVERNMENT WILL LIKELY TRY TO EXPLOIT THE SITUATION TO BRING ADDED PRESSURES ON THE RODRIGUEZ LARA GOVERNMENT. END SUMMARY

2. ECUADOR, WITH APPROXIMATELY ONE HALF ITS POPULATION LIVING IN RURAL AREAS, HAS ONE OF THE MOST TECHNOLOGICALLY BACKWARD AGRICULTURAL SECTORS IN LATIN AMERICA. THE COUNTRY ALSO SUFFERS FROM THE "MINIFUNDIA" AND "LATIFUNDIA" COMMON TO MANY LATIN AMERICAN COUNTRIES. FOR A COMBINATION OF SOCIAL, POLITICAL AND ECONOMIC REASONS, ECUADOR ENACTED AN AGRARIAN REFORM LAW IN 1964. THE LAW WAS NOT PARTICULARLY EFFECTIVE AND BECAUSE OF CHANGES IN GOVERNMENT WENT OUT OF FORCE TWO YEARS LATER. COLONIZATION AND DISTRIBUTION OF GOVERNMENT-OWNED ESTATES DID CONTINUE.

3. THE CURRENT LAW WAS PROMULGATED IN LATE 1973 AND WAS COMPLETED BY THE PASSAGE OF IMPLEMENTING LEGISLATION THE FOLLOWING YEAR. THE PRESENT LEGISLATION CONTAINS THE PROVISION THAT AGRICULTURAL LANDS MUST BE EIGHTY PERCENT PRODUCTIVE TO AVOID BEING SUBJECT TO CONDEMNATION (WITH COMPENSATION) AND REDISTRIBUTION. THE LAW FURTHER PROVIDES THAT THE APPROPRIATION AND REDISTRIBUTION OF AFFECTED LANDS WILL BEGIN JANUARY 1, 1976.

4. AS THAT DATE DRAWS NEAR, INTERESTED PARTIES ARE BEGINNING THEIR CAMPAIGNS TO PUSH THE GOE INTO ACTIONS BENEFICIAL TO THEIR OWN INTERESTS. ORGANIZATIONS COMPOSED OF LARGE LAND-OWNERS ARE EXPRESSING THE THESIS THAT THEY HAVE NOT HAD SUFFICIENT TIME TO BRING THEIR LANDS UP TO THE EIGHTY PERCENT PRODUCTION LEVEL AND, IN PART, THEY BLAME LACK OF AGRICULTURAL CREDIT AND GOVERNMENT COMMODITIES PRICING POLICY FAVORING URBAN CONSUMERS. THEY FURTHER COMPLAIN THAT THE LAW IS VAGUE AND THAT ANY APPLICATION OF THE LAW WILL BE SUBJECTIVE. LAND OWNERS SAY THAT THE LAW CREATES SO MANY UNCERTAINTIES THAT THEY HAVE BEEN AFRAID TO INVEST FOR FEAR OF HAVING EVEN THEIR IMPROVED LANDS APPROPRIATED. THEY SEEK THE SUPPORT OF

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URBAN WORKERS BY RAISING THE SPECTRE OF RENEWED FOOD SHORTAGES AND RAISING PRICES.

5. CAMPESINO GROUPS HAVE BEEN PRESSURING THE GOVERNMENT TO ENFORCE THE LAW, THEREBY PROVIDING MORE LAND FOR DISTRIBUTION TO THEIR AFFILIATES. THE MOST NOTABLE CAMPESINO ACTION OCCURRED WHEN MEMBERS OF A CAMPESINO ORGANIZATION OCCUPIED THE GUAYAQUIL OFFICES OF IERAC (ECUADOREAN

INSTITUTE OF AGRARIAN REFORM AND COLONIZATION) IN PROTEST
OF THE AGENCY'S SLOWNESS IN DIS-
TRIBUTING LAND. THEY
WERE REMOVED BY FORCE AND SEVERAL ARRESTS WERE MADE.
GOE SPOKESMEN SAID THAT THE GOVERNMENT WOULD NOT TOLERATE
THAT SORT OF PRESSURE FROM ANY
GROUP. GUAYAQUIL BASED
CAMPESENO ORGANIZATIONS ARE CURRENTLY CALLING FOR A
DEMONSTRATION IN SUPPORT OF AGRARIAN REFORM ON
DECEMBER 18.

6. THE GOE RESPONSE TO THIS INCREASING PUBLIC PRESSURE
ON BOTH SIDES OF THE AGRARIAN REFORM ISSUE HAS BEEN
MODERATE AND CONSISTENT. SEVERAL GOVERNMENT SPOKESMEN,
INCLUDING PRESIDENT RODRIGUEZ LARA, HAVE SAID THAT THE
LAW WILL BE ENFORCED AND THAT THE JANUARY 1 BEGINNING
DATE WILL NOT BE SET BACK. THE GOVERNMENT HAS FURTHER
SAID THAT IT INTENDS TO MOVE GRADUALLY AND FAIRLY AND
THAT ANYONE WHOSE LANDS ARE CONDEMNED BY IERAC WILL HAVE
ACCESS TO THE ADMINISTRATIVE APPEALS CHANNELS ESTABLISHED
BY LAW.

7. COMMENT: IF THE GOVERNMENT CONTINUES TO MOVE SYSTEM-
ATICALLY AND FAIRLY IN ENFORCING ITS LAW, ECUADOR MAY BE
ABLE TO AVOID THE SERIOUS RURAL PROBLEMS THAT HAVE
AFFLICTED SOME OF HER NEIGHBORS. LAND HOLDERS ARE NEVER-
THELESS CERTAIN TO RESIST LAND REFORM; IN PART BECAUSE OF
UNCERTAINTY ABOUT ITS APPLICATION AND FEARS ABOUT HOW
EXTENSIVE IT EVENTUALLY WILL BE. SOME OF THEM PERCEIVE
THE
GOVERNMENT TO BE WEAKER AT THE MOMENT AND ARE VERY
ACTIVE IN TRYING TO STOP OR AT LEAST POSTPONE IMPLEMENTATION
OF THE AGRARIAN REFORM. OPPONENTS OF THE GOVERNMENT
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ARE LIKELY TO TRY TO EXPLOIT EXISTING DISCONTENT AMONG
BOTH THE LAND HOLDERS AND THE LANDLESS TO BRING ADDITIONAL
PRESSURES ON THE GOVERNMENT DURING THE COMING MONTHS.
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